

LNF & IHCIF Calculations Illustration

- KEAMS CANYON in Phoenix area -

Given Data

- 6,850 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 20% = % Expenditures on purchased services, 80% = % expenditures in-house
- 93.5% = Cost index for purchasing health care in this geographic area
- 108.1% = Size cost index for in-house costs due to small or large size
- 100.9% = Phoenix area cost index for health status above or below average

Cost Adjustment Calculations

- \$557 per person for purchased services = $20\% * 93.5\% * \$2,980$
- \$2,578 per person for in-house services = $80\% * 108.1\% * \$2,980$
- \$3,135 per person total = \$557 (purchase) + \$2,578 (in-house)
- **\$3,164 per person total** adjusted for health status = $\$3,135 * 100.9\%$
- **\$2,419 per person net cost** = $\$3,164 - \745 Other resources (M&M&PI)

Existing Expenditures (for 6,850 users excluding wrap-around and collections)

- \$1,160 per person = local IHS allowance (excludes \$ for wrap-around)
- \$376 per person = expenditures elsewhere in Phoenix area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,590 per person for OU users** = $\$1,160 + \$376 + \$54$

LNF Calculation

- **50.3% Gross LNF** = $\$1,590$ (expenditures) / $\$3,164$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **65.7% Net LNF** = $\$1,590 / \$2,419$ net cost ($\$3,164 - \745 other)

IHCIF Allocation

- \$0 = \$ to raise LNF% from 65.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$0 Allocation** = \$0 needed for 60% * 3.488% IHCIF fraction

KEAMS CANYON Unmet Needs

- **\$16,568,704 Net Total Need** = 6,850 users * \$2,419 net cost
- **\$5,676,893 Net Unmet Need** = $(100\% - 65.7\% \text{ LNF}) * 6,850 \text{ users} * \$2,419 \text{ net cost}$